
South Tangipahoa Parish
Port Commission

Financial Statements

December 31, 2014 and 2013

South Tangipahoa Parish Port Commission

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Independent Auditors' Report

To the Board of Commissioners
South Tangipahoa Parish Port Commission
Ponchatoula, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of South Tangipahoa Parish Port Commission as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the South Tangipahoa Parish Port Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of South Tangipahoa Parish Port Commission as of December 31, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the South Tangipahoa Parish Port Commission's 2013 financial statements, and our report dated June 6, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and the Schedule of Funding Progress for OPEB Plan on page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

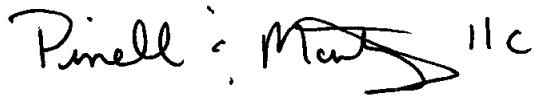
Our audit was conducted for the purpose of forming an opinion on the financial statements of the South Tangipahoa Parish Port Commission. The accompanying schedule of compensation, benefits, and other payments to agency head at page 23, as required by the State of Louisiana, is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Commissioners
South Tangipahoa Parish Port Commission

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2015, on our consideration of the South Tangipahoa Parish Port Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the South Tangipahoa Parish Port Commission's internal control over financial reporting and compliance.

Pinell C. Montez

Covington, Louisiana
June 17, 2015

Management's Discussion and Analysis

South Tangipahoa Parish Port Commission Management's Discussion and Analysis

Introduction

This section of the South Tangipahoa Parish Port Commission's (the "Commission") annual financial report presents a discussion and analysis of the Commission's financial performance during the year that ended December 31, 2014. It should be read in conjunction with the financial statements, which follow this section.

Overview of the Financial Statements

This financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and notes to the financial statements.

The financial statements provide both long-term and short-term information about the Commission's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The Commission's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses, and Changes in Net Position.

All assets and liabilities associated with the operations of the Commission are included in the Statement of Net Position. The Statement of Net Position reports the Commission's net assets, which is the difference between its assets and liabilities. Net position is one way to measure the Commission's financial health.

Financial Highlights

At December 31, 2014, the Commission's assets exceeded its liabilities by \$6,608,884. Of this amount, \$1,352,081 is unrestricted and may be used to meet the Commission's ongoing obligations.

At December 31, 2013, the Commission's assets exceeded its liabilities by \$6,946,989. Of this amount, \$1,441,954 was available to meet the Commission's ongoing obligations.

The Commission had a decrease in net position of \$338,105 for the year ended December 31, 2014 compared to a decrease in net position of \$213,282 for the year ended December 31, 2013. The Commission's cash balance was \$656,565 at December 31, 2014 compared to \$752,009 at December 31, 2013.

South Tangipahoa Parish Port Commission Management's Discussion and Analysis

Financial Analysis

The Commission's total assets at December 31, 2014 were approximately \$6.67 million. The change in the composition of assets is primarily due to the decrease in property and equipment resulting from current year depreciation. The condensed statements of net position is as follows:

	2014	2013	Variance	% Variance
ASSETS				
Current assets	\$ 1,410,346	\$ 1,489,993	\$ (79,647)	-5.35%
Property and equipment, net	5,256,803	5,505,035	(248,232)	-4.51%
Other assets	2,100	2,100	-	0.00%
	<u>\$ 6,669,249</u>	<u>\$ 6,997,128</u>	<u>\$ (327,879)</u>	-4.69%
LIABILITIES & NET POSITION				
Liabilities				
Current liabilities	\$ 16,442	\$ 15,912	\$ 530	3.33%
Noncurrent liabilities	43,923	34,227	9,696	28.33%
	<u>60,365</u>	<u>50,139</u>	<u>10,226</u>	20.40%
Net Position				
Net investment in capital assets	5,256,803	5,505,035	(248,232)	-4.51%
Unrestricted	1,352,081	1,441,954	(89,873)	-6.23%
	<u>6,608,884</u>	<u>6,946,989</u>	<u>(338,105)</u>	-4.87%
	<u>\$ 6,669,249</u>	<u>\$ 6,997,128</u>	<u>\$ (327,879)</u>	-4.69%

Total liabilities increased by \$10,226 from 2014 to 2013. The primary cause is the increase in OPEB payable.

Net position decreased by \$338,105 as explained in the following section. Net investment in capital assets reflect fixed assets, net of accumulated depreciation, and net of related debt.

South Tangipahoa Parish Port Commission Management's Discussion and Analysis

Change in Net Position

Net position for the year ended December 31, 2014 decreased by \$338,105 as compared to a decrease of \$213,282 for the year ended December 31, 2013.

The Commission's total revenues for the year ended December 31, 2014 were \$336,474, a decrease of 33% from the previous year. Total expenses increased 6.6% to \$674,579, which includes \$303,096 of depreciation expense. The changes in net position are detailed below in the condensed statements of revenues, expenses, and changes in net position.

	2014	2013	Variance	% Variance
Revenues				
Rentals	\$ 290,162	\$ 396,543	\$ (106,381)	-26.83%
Grants	35,615	51,500	(15,885)	-30.84%
Miscellaneous	-	1,010	(1,010)	-100.00%
	<u>325,777</u>	<u>449,053</u>	<u>(123,276)</u>	-27.45%
Expenses				
Salaries and related expenses	171,203	165,535	5,668	3.42%
Property maintenance	59,224	19,447	39,777	204.54%
Depreciation	303,096	303,096	-	0.00%
Insurance	64,800	67,500	(2,700)	-4.00%
Administrative and other	76,256	77,937	(1,681)	-2.16%
	<u>674,579</u>	<u>633,515</u>	<u>41,064</u>	6.48%
Operating loss	<u>(348,802)</u>	<u>(184,462)</u>	<u>(164,340)</u>	89.09%
Non-Operating Revenue (Expense)				
Investment return and interest	10,697	59,981	(49,284)	-82.17%
Loss on sale of equipment	-	(88,801)	88,801	100.00%
	<u>10,697</u>	<u>(28,820)</u>	<u>39,517</u>	-137.12%
Decrease in net position	(338,105)	(213,282)	(124,823)	58.52%
Net position, beginning of year	<u>6,946,989</u>	<u>7,160,271</u>	<u>(213,282)</u>	-2.98%
Net position, end of year	<u>\$ 6,608,884</u>	<u>\$ 6,946,989</u>	<u>\$ (338,105)</u>	-4.87%

Operating revenues decreased by approximately 27% in fiscal year 2014. Operating expenses increased by approximately 6.5% to \$674,579 in fiscal year 2014.

South Tangipahoa Parish Port Commission Management's Discussion and Analysis

Capital Assets

The Commission's investment in capital assets at December 31, 2014 amounts to \$5,256,803, net of accumulated depreciation. This investment consists principally of land, buildings, docks, and equipment. The Commission currently has an ongoing construction project to facilitate the maximum use of the Commission's property.

Other Factors Affecting the Commission

Management is currently redeveloping the facility into an efficient and safe trans-loading terminal for bulk, break bulk, neo bulk, and containerized cargo by barge, rail and truck at one prime location. The three million dollar infrastructure improvement programs will provide a new bulkhead, lay down storage areas, and comprehensive rail spur maintenance at the facility. The projects are designed to attract new industries and create new jobs for residents of the Tangipahoa Parish community. The new infrastructure projects are also an integral part of the port's "Master Plan" that was created in 2007 as a guide to future development of the facility.

Contacting the Commission's Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Patrick Dufresne, Executive Director
163 W. Hickory Street
Ponchatoula, Louisiana 70454
(985)386-9309

Financial Statements

South Tangipahoa Parish Port Commission
Statements of Net Position
December 31, 2014 and 2013

	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 656,565	\$ 752,009
Certificates of deposit	218,393	218,393
Louisiana Asset Management Pool	4,405	4,405
Investments	496,418	491,698
Accounts receivable	13,690	700
Interest receivable	1,547	855
Prepaid expenses	19,328	21,933
	<u>1,410,346</u>	<u>1,489,993</u>
Capital Assets		
Property and equipment, net	5,256,803	5,505,035
Other Assets		
Utility deposit	2,100	2,100
	<u>\$ 6,669,249</u>	<u>\$ 6,997,128</u>
LIABILITIES & NET POSITION		
Current Liabilities		
Accounts payable	\$ 8,620	\$ 8,457
Accrued expenses	3,784	3,417
Current portion of compensated absences	4,038	4,038
	<u>16,442</u>	<u>15,912</u>
Noncurrent Liabilities		
Compensated absences	12,261	12,261
Other postemployment benefits payable	31,662	21,966
	<u>43,923</u>	<u>34,227</u>
	<u>60,365</u>	<u>50,139</u>
Net Position		
Net investment in capital assets	5,256,803	5,505,035
Unrestricted	1,352,081	1,441,954
	<u>6,608,884</u>	<u>6,946,989</u>
	<u>\$ 6,669,249</u>	<u>\$ 6,997,128</u>

See accompanying notes to financial statements.

South Tangipahoa Parish Port Commission
Statements Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2014 and 2013

	2014	2013
Operating Revenues		
Rentals	\$ 290,162	\$ 396,543
Operating grants	35,615	51,500
Miscellaneous	-	1,010
	<u>325,777</u>	<u>449,053</u>
Operating Expenses		
Salaries and related expenses	121,278	120,258
Retirement benefits	40,229	35,581
Post-employment benefits expense	9,696	9,696
Property maintenance	59,224	19,447
Depreciation	303,096	303,096
Rents and leases	12,655	12,715
Office supplies	3,020	2,090
Utilities	26,813	23,836
Accounting services	8,743	7,930
Legal fees	3,115	12,770
Bad debts	-	3,500
Professional services	6,657	510
Insurance	64,800	67,500
Marketing	8,137	12,136
Memberships and dues	7,116	2,450
	<u>674,579</u>	<u>633,515</u>
Operating loss	<u>(348,802)</u>	<u>(184,462)</u>
Non-Operating Revenue (Expense)		
Investment return	4,175	48,237
Interest income	6,522	11,744
Loss on sale of equipment	-	(88,801)
	<u>10,697</u>	<u>(28,820)</u>
Decrease in net position	(338,105)	(213,282)
Net position, beginning of year	<u>6,946,989</u>	<u>7,160,271</u>
Net position, end of year	<u>\$ 6,608,884</u>	<u>\$ 6,946,989</u>

See accompanying notes to financial statements.

South Tangipahoa Parish Port Commission
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities		
Receipts:		
Rentals	\$ 277,172	\$ 430,309
Grants	35,615	51,500
Miscellaneous	-	1,010
	<u>312,787</u>	<u>482,819</u>
Disbursements:		
Salaries and related expenses	(120,919)	(120,471)
Retirement benefits	(30,525)	(25,885)
Post-employment benefits expense	(9,696)	(9,696)
Property maintenance	(59,061)	(49,267)
Rents and leases	(12,655)	(12,715)
Office supplies	(3,020)	(2,090)
Utilities	(26,813)	(23,836)
Accounting services	(8,743)	(7,930)
Legal fees	(3,115)	(12,770)
Professional services	(6,657)	(510)
Insurance	(62,195)	(69,025)
Marketing	(8,137)	(12,136)
Memberships and dues	(7,116)	(2,450)
	<u>(358,652)</u>	<u>(348,781)</u>
Net cash provided by (used in) operating activities	<u>(45,865)</u>	<u>134,038</u>
 Cash Flows From Capital and Related Financing Activities		
Proceeds from sale of equipment	-	49,500
Purchases of property and equipment	(54,864)	(65,931)
Net cash used in capital and related financing activities	<u>(54,864)</u>	<u>(16,431)</u>

See accompanying notes to financial statements.

South Tangipahoa Parish Port Commission
Statements of Cash Flows (Continued)
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows From Investing Activities		
Proceeds from maturity of certificates of deposit	-	190,000
Additions to certificates of deposit	-	(4,757)
Purchases of investments	(545)	(3)
Return of investment capital	-	57,034
Interest received	5,830	13,906
Net cash provided by investing activities	<u>5,285</u>	<u>256,180</u>
 Increase (decrease) in cash and cash equivalents	 (95,444)	 373,787
Cash and cash equivalents, beginning balance	<u>752,009</u>	<u>378,222</u>
Cash and cash equivalents, ending balance	<u><u>\$ 656,565</u></u>	<u><u>\$ 752,009</u></u>
 Reconciliation of Operating Loss to		
Cash Flows From Operating Activities		
Operating loss	\$ (348,802)	\$ (184,462)
Adjustments to reconcile the decrease in net position to net cash provided by (used in) operating activities:		
Depreciation	303,096	303,096
Change in:		
Accounts receivable	(12,990)	37,266
Prepaid expenses	2,605	(1,525)
Accounts payable	163	(29,820)
Accrued expenses	367	(213)
Post-employment benefits payable	<u>9,696</u>	<u>9,696</u>
Net cash provided by (used in) operating activities	<u><u>\$ (45,865)</u></u>	<u><u>\$ 134,038</u></u>
 Noncash Investment Activities		
Net increase (decrease) in fair market value of investments	<u><u>\$ 4,175</u></u>	<u><u>\$ (8,797)</u></u>

See accompanying notes to financial statements.

South Tangipahoa Parish Port Commission

Notes to Financial Statements

1. History and Summary of Significant Accounting Policies

Nature of Operations

The South Tangipahoa Parish Port Commission (the "Commission") was established and provided for by R.S. 34:1951 of Louisiana Revised Statutes (LRS). The Commission was granted authority to own, construct, operate, and maintain property, structures, and facilities necessary or useful for port, recreational, harbor, and terminal purposes. In addition, the Commission also has the authority to make and enter into contracts, leases, and other agreements with operating entities interested in the transportation, storage, and shipping of products.

The Commission consists of the boundaries and limits of Wards 6, 7, and 8 of Tangipahoa Parish. The South Tangipahoa Parish Port Commission is governed by seven board members from Tangipahoa Parish who are appointed directly by the Governor and serve with no compensation.

The Commission maintains an office located in Ponchatoula, Louisiana and a port facility located in Manchac, Louisiana. The Port facility includes a dock with a 20,000 square foot warehouse, railroad siding adjacent to the Illinois Central Railroad track, and a second dock with a 30,000 square foot transit facility. The Commission presently has two paid employees, an executive director and an administrative assistant, and the port facility is operated under a Marine Terminal Operators Agreement with a contract operator.

Financial Statement Presentation

The Commission's operations are accounted for in a proprietary fund type - the enterprise fund, which is similar to private business enterprises. Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statements of net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and certain highly liquid investments purchased with an initial maturity of 90 days or less.

Accounts Receivable

Accounts receivable is uncollateralized and stated at net realizable value. Management considers all accounts receivable balances collectible, thus no allowance for doubtful accounts has been recorded.

South Tangipahoa Parish Port Commission

Notes to Financial Statements

Investments

The Commission reports its investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair value.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. The Commission capitalizes individual purchases of property and equipment in excess of \$5,000. Depreciation is recorded on a straight-line basis over the estimated useful lives of 10 to 40 years.

Compensated Absences

Employees of the Commission are covered by the State of Louisiana civil service regulations and, as such, accumulate sick and annual leave in accordance with varying rates stipulated under these regulations. Upon termination and/or retirement, unused vacation not to exceed 300 hours is paid to the employee at the employee's current rate of pay. At retirement, unused vacation in excess of 300 hours and unused sick leave is considered in computing the years of service for retirement benefit purposes.

As of December 31, 2014 and 2013, employees of the Commission have accumulated and vested employee leave benefits of \$16,299 and \$16,299, respectively. No accrual for vacation leave in excess of 300 hours or sick leave has been accrued since the employees are not entitled to it upon termination.

Comparative Prior Year Information

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

2. Deposits

The Commission's deposits consist of the following at December 31, 2014:

	Cash	Certificates of Deposit	Total
Deposits per Statement of Net Position	<u>\$ 656,565</u>	<u>\$ 218,393</u>	<u>\$ 874,958</u>
Bank Balances:			
Uninsured and uncollateralized	\$ -	\$ -	\$ -
Collateralized with securities held by the pledging institution's trust department or agent, in the Commission's name	-	-	-
Collateralized, including securities held by the pledging institution or its agent but not in the Commission's name	407,085	-	407,085
	<u>\$ 407,085</u>	<u>\$ -</u>	<u>\$ 407,085</u>

South Tangipahoa Parish Port Commission

Notes to Financial Statements

The Commission's deposits consist of the following at December 31, 2013:

	Cash	Certificates of Deposit	Total
Deposits in bank accounts per balance sheet	<u>\$ 752,009</u>	<u>\$ 218,393</u>	<u>\$ 970,402</u>
Bank Balances:			
Uninsured and uncollateralized	\$ -	\$ -	\$ -
Collateralized with securities held by the pledging institution's trust department or agent, in the Commission's name	-	-	-
Collateralized, including securities held by the pledging institution or its agent but not in the Commission's name	344,197	-	344,197
	<u>\$ 344,197</u>	<u>\$ -</u>	<u>\$ 344,197</u>

Custodial Deposit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it.

3. Investments

The Commission may invest idle funds as authorized by Louisiana Statutes, as follows:

- United States bonds, treasury notes, certificates, or any other federally insured investment.
- Time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana.
- Mutual or trust funds, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940 and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies.

Investments are measured at fair value and are comprised of the following at December 31, 2014 and 2013:

U.S. Treasury Securities	<u>\$ 496,418</u>	<u>\$ 491,698</u>
Louisiana Asset Management Pool	<u>4,405</u>	<u>4,405</u>
	<u>\$ 500,823</u>	<u>\$ 496,103</u>

South Tangipahoa Parish Port Commission

Notes to Financial Statements

The following schedule summarizes investment return (loss), including interest and administrative fees, and its classification in the financial statements for the years ended December 31, 2014 and 2013:

Increase (decrease) in fair market value of investments	\$ 4,175	\$ (8,797)
Return of investment capital	-	57,034
	<u>\$ 4,175</u>	<u>\$ 48,237</u>

Investments held in the Louisiana Asset Management Pool (LAMP) at December 31, 2014 and 2013 were \$4,405 and \$4,405, respectively. In accordance with GASB Codification Section 150.126, the investment in LAMP – a local government investment pool – is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. The Commission's investment policy limits interest rate risk by generally limiting maturities of its investments to shorter term securities, money market mutual funds, or similar investment pools.

Credit Risk

The credit risk of investments is the risk that the issuer or counterparty will not meet its obligations. This credit risk is measured by the credit quality ratings of investments in debt securities as described by nationally recognized statistical rating organizations (rating agencies) such as Standard & Poor's (S&P) and Moody's. The Commission limits its investment in securities to those classified as investment grade by S&P (BBB or better) and Moody's (Baa or better). At December 31, 2014, the Commission's portfolio consisted of only securities with a rating of AAA by Moody's and AA+ by S&P.

South Tangipahoa Parish Port Commission

Notes to Financial Statements

4. Fair Value Measurements

The fair value measurement accounting literature provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Commission has the ability access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions market participants would utilize in pricing the assets.

The Commission uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

At December 31, 2014 and 2013, the Commission's investments consist of only U.S. Treasury Securities which are assessed using Level 1 inputs.

5. Property and Equipment

Property and equipment consists of the following at December 31:

	Balance 12/31/13	Additions	Disposals	Balance 12/31/14
Capital Assets Not Being Depreciated				
Land	\$ 303,000	\$ -	\$ -	\$ 303,000
Construction in progress	222,583	54,864	-	277,447
	<u>525,583</u>	<u>54,864</u>	<u>-</u>	<u>580,447</u>
Capital Assets Being Depreciated				
Port facility	8,880,699	-	-	8,880,699
Wastewater system	205,422	-	-	205,422
Improvements and equipment	1,077,103	-	-	1,077,103
	<u>10,163,224</u>	<u>-</u>	<u>-</u>	<u>10,163,224</u>
Accumulated depreciation	(5,183,772)	(303,096)	-	(5,486,868)
	<u>4,979,452</u>	<u>(303,096)</u>	<u>-</u>	<u>4,676,356</u>
	<u>\$ 5,505,035</u>	<u>\$ (248,232)</u>	<u>\$ -</u>	<u>\$ 5,256,803</u>

Depreciation expense for the years ended December 31, 2014 and 2013 was \$303,096 and \$303,096, respectively.

South Tangipahoa Parish Port Commission

Notes to Financial Statements

6. Economic Dependency

The majority of the Commission's rental revenue is derived from two customers – Bayou Diesel and CC Holdings. For the year ending December 31, 2014, approximately \$124,000, or 45%, of rental revenue was received from Bayou Diesel, and \$77,000, or 28% of rental revenue, was received from CC Holdings. For the year ending December 31, 2013, \$133,000, or 54%, of rental revenue was received from Bayou Diesel, and \$82,000, or 33%, of rental revenue was received from CC Holdings.

7. Retirement Plan

The Commission's employees participate in a retirement plan administered by the Louisiana State Employees' Retirement System ("LASERS"), a cost-sharing multiple-employer defined benefit pension plan administered by a separate board of trustees. Benefits are established and amended by state statute (LRS 42:651; 712; 712.1; 712.3). The LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the LASERS. That report may be obtained by writing to the Louisiana State Employees' Retirement System, P. O. Box 44213, Baton Rouge, Louisiana 70804-4213.

The LASERS is a defined benefit contributory pension plan that provides retirement benefits as well as disability and survivor benefits. Employees contribute 7.5% of their salaries and the Commission contributes 37% of the employees' salaries toward future benefits. A member is eligible to retire after at least 10 years of service at age 60, 25 years at age 55, 30 years at any age or after 20 years at any age with a reduced benefit. Effective January 1, 1996, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The system does provide for deferred benefits for vested members who terminate before being eligible for retirement. When a member reaches the appropriate age for retirement, benefits become payable at a rate of: 2.5% of average annual compensation for the highest 3 consecutive years of employment and multiplied by the number of years of creditable service, with certain limitations.

Once an employee has accumulated 10 years of service, disability benefits apply based on the regular benefit formula without age restrictions. Act 14 of the 1990 Louisiana Legislature provided for a new retirement option designated as the Deferred Retirement Option Plan (DROP). This option permits LASERS members to continue working at their state jobs for up to three years while in a retired status. DROP allows these retirees to accumulate retirement benefits in a special account for later distribution. Total contributions for the years ended December 31, 2014, 2013 and 2012 were \$40,229, \$35,581, and \$29,952, respectively. These amounts are equal to the required contributions for each of these three years.

8. Other Post-Employment Benefits Plan

Plan Description

The Commission's medical benefits are provided through the Louisiana Office of Group Benefits (OGB). The Louisiana Office of Group Benefits (OGB) involves several statewide networks and one HMO with a premium structure by region. The plan provisions are contained in the official plan documents of the OGB, available at www.groupbenefits.org - "Quick Links" - "Health Plans". The OGB plan is a fully insured, multiple-employer arrangement and has been deemed to be an *agent multiple-employer plan* (within the meaning of paragraph 22 of GASB 45) for financial reporting purposes and for this valuation.

South Tangipahoa Parish Port Commission

Notes to Financial Statements

The OGB "Medicare Advantage" plan has been assumed to apply to those employees after Medicare eligibility for purposes of this valuation. Medical benefits are provided to employees upon actual retirement. More than 80% of the employees are covered by the Teachers' Retirement System of Louisiana (TRSL), whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 65 and 20 years of service. For employees not covered by TRSL, it was assumed that age 60 and 10 years of service also applied in addition to the foregoing provisions.

Life insurance coverage under the OGB program is available to retirees by election and the blended rate (active and retired) is \$0.96 per \$1,000 of insurance. The employer pays 50% of the cost of the retiree life insurance. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. Insurance coverage amounts are reduced by 25% at age 65 and by an additional 25% at age 70 according to the OGB plan provisions.

Contribution Rates

Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy

Until 2009, the Commission recognized the cost of providing post-employment medical and life insurance benefits (the Commission's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2014 and 2013, the Commission incurred no expenses for its portion of health care and life insurance funding cost for retired employees.

Effective July 1, 2009, the South Tangipahoa Parish Port Commission implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution

The South Tangipahoa Parish Port Commission's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

The following table presents the required contribution for the year ended December 31, 2014:

30-year UAAL amortization amount	3,565
Annual required contribution (ARC)	<u>\$ 9,742</u>

South Tangipahoa Parish Port Commission

Notes to Financial Statements

The following table presents the Commission's OPEB obligation for the year ended December 31, 2014:

Annual required contribution	9,742
Interest on net OPEB obligation	103
ARC adjustment	(149)
OPEB cost	<u>9,696</u>
Less contributions made	<u>-</u>
Change in net OPEB obligation	<u>9,696</u>
Ending net OPEB obligation at December 31, 2014	<u><u>\$ 31,662</u></u>

Funded Status and Funding Progress

The funded status of the Plan as of the most recent valuation date of January 1, 2012 is as follows:

Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 61,633</u></u>
Funded ratio (actuarial value of plan assets - AAL)	-
Covered payroll (annual payroll of active employees covered by the plan)	118,539
UAAL as a percentage of covered payroll	52%

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Commission and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Commission and its plan members to that point.

South Tangipahoa Parish Port Commission

Notes to Financial Statements

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Commission and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method

The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets

There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate

An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 2%.

Post-employment Benefit Plan Eligibility Requirements

It is assumed that entitlement to benefits will commence six years after earliest eligibility to enter the D.R.O.P. (three years in the D.R.O.P. plus an additional three years). Medical benefits are provided to employees upon actual retirement. More than 80% of the employees are covered by the Teachers' Retirement System of Louisiana (TRSL), whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 65 and 20 years of service. For employees not covered by TRSL, it was assumed that age 60 and 10 years of service also applied in addition to the foregoing provisions. Entitlement to benefits continue through Medicare to death.

Investment Return Assumption (Discount Rate)

GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate

The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

South Tangipahoa Parish Port Commission

Notes to Financial Statements

Mortality Rate

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining Value of Benefits

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The OGB rates provided are "unblended" rates for active and retired as required by GASB 45 for valuation purposes. It has been assumed that the Humana Medicare Advantage program will be elected by 20% of retirees in the future.

Inflation Rate

Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases

This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases

The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

9. Subsequent Events

Management has evaluated subsequent events through June 17, 2015, which is the date the financial statements were available to be issued.

Required Supplementary Information

South Tangipahoa Parish Port Commission
Schedule of Funding Progress for OPEB Plan
For the Years Ended December 31, 2014, 2013, and 2012

Date of the Actuarial Valuation	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b - a) / c]
January 1, 2012	\$ -	\$ 61,633	\$ 61,633	-	\$ 118,539	52%

See independent auditors' report.

Supplementary Information

South Tangipahoa Parish Port Commission
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2014

Agency Head: Patrick Dufresne
Position: Executive Director

Purpose	Amount
Salary	\$ 85,000
Benefits - insurance	7,090
Benefits - retirement	26,640
	<u>\$ 118,730</u>

Other Required Reports

**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in
Accordance with *Government Auditing Standards***

To the Board of Commissioners
South Tangipahoa Parish Port Commission
Ponchatoula, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the South Tangipahoa Parish Port Commission, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise South Tangipahoa Parish Port Commission's basic financial statements, and have issued our report thereon dated June 17, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Tangipahoa Parish Port Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Tangipahoa Parish Port Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Tangipahoa Parish Port Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

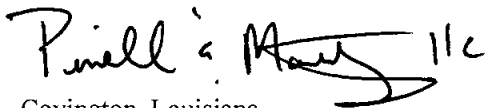
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Tangipahoa Parish Port Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Pinell A. Mays". The signature is stylized with a large, sweeping "P" and a long, horizontal stroke at the end.

Covington, Louisiana
June 17, 2015

South Tangipahoa Parish Port Commission
Summary of Auditors' Results and Schedule of Findings
For the Year Ended December 31, 2014

A. Summary of Auditors' Results

a. Financial Statements

Type of auditors' report issued: Unmodified

b. Internal control over financial reporting:

Material weaknesses identified _____yes _____☒no

Significant deficiencies identified not
considered to be material weaknesses _____yes _____☒none noted

c. Noncompliance material to financial
statements noted

_____yes _____☒no

B. Findings in Accordance with *Government Auditing Standards*

None noted.

South Tangipahoa Parish Port Commission
Schedule of Prior Year Findings
For the Year Ended December 31, 2014

A. Findings Relating to Internal Control and Compliance Material to the Financial Statements

None noted.